

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

WILLIAMS OLEFINS, L.L.C.

AI # 5565

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

* Settlement Tracking No.
* SA-AE-05-0063
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* Enforcement Tracking No.
* AE-PP-04-0194
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SETTLEMENT

The following Settlement is hereby agreed to between Williams Olefins, L.L.C. ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company who owns and/or operates the Geismar Ethylene Plant located at 5205 Louisiana Highway 3115 in Geismar, Ascension Parish, Louisiana ("the Facility").

II

On May 3, 2005, a Notice of Potential Penalty, Enforcement No. AE-PP-04-0194, was issued to Respondent which was based upon the following findings of fact:

In the Respondent's Benzene Waste Operations NESHAP revised annual report for the 2001 and 2002 calendar years dated March 22, 2004, July through December 2003 semiannual monitoring report, and 2003 annual compliance certification, both dated March 25, 2004, the Respondent reported that annual fugitive emissions monitoring of the closed vent system was not performed for the 2001 and 2002 calendar years as required by 40 CFR 61 Subpart FF, National Emission Standard for Benzene Waste Operations. Additional information was submitted to the Department on or

about January 31, 2005. According to this information, the number of components that were omitted from annual instrument monitoring since the Respondent assumed ownership of the facility is as follows:

Calendar Year	Number of Components
1999	11
2000	11
2001	135
2002	135
2003	33

According to the Respondent, once the oversight was discovered, the valves and associated connectors were immediately monitored. Each failure to perform the annual fugitive emissions monitoring for each component is a violation of 40 CFR 61.349(a)(1)(i), which language has been adopted as a Louisiana regulation in LAC 33:III.5116, the Part 70 Specific Condition and State Only Specific Condition of Title V Permit No. 0180-00029-V4, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

On or about November 30, 2004, the Department's Emergency Response Division responded to an incident at the Respondent's facility. Additional information regarding the incident was submitted to the Department on or about December 7 and 16, 2004.

According to the information provided by the Respondent, on or about November 30, 2004, the oil pressure sensor on the lube oil pump associated with the charge gas compressor sensed a drop in oil pressure while a filter was being changed on the compressor (routine maintenance). The sensor caused the compressor to immediately shut down resulting in the process stream venting to the flare, Emission Source 20. In information submitted to the Department on or about December 7, 2004, the Respondent estimated the following emissions during the event:

Product	Emissions (pounds))
Ethylene	1,025
Propylene	15
Benzene	4
1,3 Butadiene	7
Other VOCs	51

According to the Respondent's letter dated December 16, 2004, an introduction of air into the lube oil system was the likely cause of the incident. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities,

even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This is also a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

III

In response to the Notice of Notice of Potential Penalty, Respondent made a timely request for a hearing. The hearing was denied as unappealable.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of FOUR THOUSAND NINE HUNDRED TWENTY SIX AND 04/100 DOLLARS (\$4,926.04), of which TWO HUNDRED TWELVE AND 30/100 DOLLARS (\$212.30) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of

determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Ascension Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department.

Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

WILLIAMS OLEFINS, L.L.C.

BY: Larry Bayer
(Signature)

Larry G. Bayer
(Print)

TITLE: Director, Gulf Olefins Operations

THUS DONE AND SIGNED in duplicate original before me this 19th day of July, 2006, at Severian, La.

Betty J. McClelland
NOTARY PUBLIC (ID # 680)

Betty J. McClelland
(Print)

**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**

Mike D. McDaniel, Ph.D., Secretary

BY: Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 14th day of November, 2006, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 20456)
Ed R. Briles, II
(Print)

Approved: Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary